

Message Text

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APPROVED BY: EB/OCA/REP:JBRABENS

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ARA/BR JSLATTERY

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TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

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E.O. 11652:

N/A

TAGS: APUB, BR

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO BRAZIL

FOLLOWING IS FINAL TEXT OF EXPORT -IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF \$14,666,670 TO REDE FERROVIARIA FEDERAL S.A.
(REDE). RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN
WASHINGTON, DC FOR AM PAPERS, TUESDAY, JAN 21, 1975.

QUOTE: EXIMBANK CREDIT OF \$14,666,670 SUPPORTS \$48,888,900
SALE OF U.S. LOCOMOTIVES TO BRAZIL

THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED
STATES HAS AUTHORIZED A DIRECT CREDIT OF \$14,666,670 TO FINANCE
30 PERCENT OF THE TOTAL U.S. COSTS OF \$48,888,900 FOR COMPONENTS
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FOR 195 LOCOMOTIVES TO BE PURCHASED BY BRAZIL, ACCORDING TO

EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. CREDITS TOTALLING \$29,333,340 WILL BE PROVIDED BY A GROUP OF U.S. BANKS HEADED BY CHASE MANHATTAN BANK TO COVER 60 PERCENT OF THE TOTAL COSTS. OF THIS AMOUNT ONE-HALF OR \$14,666,670 WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE. THE OBLIGOR, REDE FERROVIARIA FEDERAL S.A. (REDE), WILL MAKE CASH PAYMENT OF THE BALANCE OF THE TOTAL U.S. COSTS OR \$4,888,890.

THE 195 DIESEL ELECTRIC LOCOMOTIVES, SPARE PARTS, AND TOOLS WILL BE PURCHASED BY REDE FROM GENERAL ELECTRIC DO BRASIL S.A. AND GENERAL ELECTRIC COMPANY OF THE UNITED STATES. ALL DELIVERIES ARE EXPECTED TO BE COMPLETED BY JUNE 1977. THE LOCOMOTIVES WILL BE USED BY REDE TO EXPAND SERVICE AND REPLACE OLDER EQUIPMENT. SINCE 1969, EXIMBANK HAS PROVIDED FINANCIAL ASSISTANCE TO REDE FOR THE PURCHASE OF COMPONENTS FOR SOME 160 GE DIESEL ELECTRIC LOCOMOTIVES.

THE LOANS ARE TO BE REPAID IN 20 SEMIANNUAL INSTALLMENTS BEGINNING MAY 20, 1976. EXIMBANK'S DIRECT CREDIT OF \$14,666,670 WILL BE REPAID OUT OF THE LAST 7 INSTALLMENTS WITH INTEREST AT 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES, RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 10.20 PERCENT TO 10.45 PERCENT PER ANNUM. REPAYMENT OF EXIMBANK'S CREDIT AND THE PORTION OF THE CREDIT FROM PRIVATE SOURCES WHICH IS COVERED BY EXIMBANK'S FINANCIAL GUARANTEE, WILL BE GUARANTEED BY THE FEDERATIVE REPUBLIC OF BRAZIL. UNQUOTE KISSINGER

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To: BRASILIA
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